

# EXTENSIONS OF REMARKS

## INTRODUCTION OF THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND AMENDMENTS ACT OF 1999

**HON. BRUCE F. VENTO**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

*Monday, February 8, 1999*

Mr. VENTO. Mr. Speaker, today I am introducing legislation to reauthorize the programs at the Community Development Financial Institutions Fund. A section-by-section analysis of the bill follows this statement.

The activities at the CDFI Fund—the CDFI and the Bank Enterprise Act (BEA) programs—have received high praise over the years as well as intense scrutiny. This legislation, basically a product of our Subcommittee's work from last year, with input from the Oversight Subcommittee of the Banking Committee, draws upon both praise and scrutiny to further the program for the future. The Fund has made numerous Administrative improvements already. With the measures included in this proposed legislation, many of those would be solidified so that problems do not occur in the future and so that everyone can focus on the positive impacts the CDFI programs have had in our communities.

As a strong supporter of local efforts of community development financial groups and financial institutions that focus on undeserved communities, I know that the CDFI programs and related programs that promote microenterprise activities and housing activities are critical to rebuilding and strengthening neighborhoods and their residents. The CDFI intermediaries and institutions that received BEA funds can be the foundation and the building blocks of economic opportunity and employment. They can serve as instigators of change and partners in business, housing and community initiatives.

Mr. Speaker, I am pleased to introduce this reauthorization legislation with the Gentlewoman from New Jersey, Mrs. ROUKEMA, with whom I worked to draft this bill over the course of last year. I hope that we will be able to move this bill early in this session so that we can ultimately enact these improvements into law this year.

### COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND AMENDMENTS ACT OF 1999

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS

#### SECTION 2. CHANGE OF STATUS OF THE FUND; MISCELLANEOUS TECHNICAL CORRECTIONS

This section changes the purpose section of the Community Development Banking and Financial Institutions Act of 1994 (the Act) to add language that clarifies that the purpose of the Act is to promote economic revitalization and community development not only through investment in and assistance to community development financial institutions (CDFIs) but also through enhancing the liquidity of community development financial institutions, and through incentives to insured depository institutions that increase lending and other assistance and in-

vestment in both economically distressed communities and CDFIs.

This section also changes the Act to reflect the intent of appropriations provisions that made the CDFI Fund a wholly-owned government corporation within the Treasury Department. Technical amendments to the Act eliminate the concept of a Presidentially appointed Administrator of the Fund, and, as with other Treasury programs, vest all the duties and responsibilities of the CDFI Fund in the Secretary of the Treasury (subject to existing statutory delegation authority). The Secretary may appoint all officers and employees of the CDFI Fund, including a Director.

This section makes technical changes to clarify that the Inspector General of the Treasury Department is the Inspector General of the CDFI Fund.

This section also gives the Secretary the authority to prescribe the necessary regulations and procedures.

#### SECTION 3. AMENDMENTS TO PROGRAMS ADMINISTERED BY THE FUND AND THE BANK ENTERPRISE ACT OF 1991

This section makes minor changes to the CDFI Awards Program administered by the CDFI Fund. The amendments provide that, for the training and technical assistance programs already authorized by the Act, the Fund may enter into cooperative agreements in addition to the other methods described.

This section amends the Bank Enterprise Act (BEA) Awards Program for insured depository institutions. The subsection provides technical amendments and clarifies that the Fund may provide assessment credits to insured depository institutions for increases in loans and other assistance provided to CDFIs. The provisions clarify the manner in which the Fund may take account of forms of assistance provided by insured depository institutions. In addition, the provisions permit the Fund to use alternative eligibility requirements to determine the definition of a "qualified distressed community." Current criteria are difficult to interpret and may exclude some insured depository institutions, particularly those serving rural areas, from participation in the BEA Program.

#### SECTION 4. EXTENSION OF AUTHORIZATION

This section authorizes appropriations for fiscal years 2000, 2001, 2002, and 2003 for \$95 million, \$100 million, \$105 million and \$110 million, respectively.

#### SECTION 5. AMENDMENTS TO SMALL BUSINESS CAPITAL ENHANCEMENT PROGRAM

This section removes statutory barriers that currently block the CDFI Fund from administering the SBCE Program. The SBCE program would encourage states to implement small business "capital access programs" with the participation of certain depository institutions. These "capital access programs" expand access to small business loans by creating a loan loss reserve, funded by the depository institution, the borrower, and the state. This reserve fund allows banks to make more difficult small business loans. The Fund, under the SBCE Program, could reimburse participating states for a portion of funds contributed to these loan loss reserve accounts.

This section allows CDFIs to participate in the SBCE Program. It removes the requirement that the SBCE Program receive a

threshold appropriation before beginning operations. And, this section will allow the CDIF fund (if the SBCE Program is operating) to reimburse participating states according to criteria established by the CDFI Fund in an amount up to 50% of the amount of contributions by the states, until funds made available for this purpose are expended. This permits the Fund to target reimbursements to states that have not yet established these programs or that have insufficient funds for effective programs.

#### SECTION 6. ADDITIONAL SAFEGUARDS

This section adds the requirement that the Fund use a scoring system as one of the tools to evaluate the merits of applications. It also requires the use of a multi-person review panel consisting of at least three persons, to apply the scoring system in order to reduce discretion and provide a mix of perspectives in the application review process. At least 1/3 of the members of the panel shall not be officers or employees of any government.

This section adds reporting requirements by the Fund to the Congress in their annual report. The CDFI Fund must include in their annual report its use of outside consultants, including the services provided by the consultants and the fees paid for those services. The report must detail the Fund's compliance with the Federal Manager's Financial Integrity Act (FMFIA). The FMFIA requires Federal programs to have controls in place to ensure that assets are safeguarded from waste, fraud, and abuse. The CDFI fund must also report any material internal control weaknesses identified in its most recent external audit along with corrective actions that will be taken to address such weaknesses. This section requires that the Fund report on the implementation of the objective scoring system in its first annual report following enactment of this legislation.

This section requires the GAO to submit to Congress, within 18-months of enactment, a study evaluating the structure, governance and performance of the CDFI Fund.

This section also requires the CDFI Fund to notify Congress in advance of hiring a contractor under the SBA's Section 8(a) contracting program.

## BANKRUPTCY AMENDMENTS OF 1999

**HON. JOE KNOLLENBERG**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, February 8, 1999*

Mr. KNOLLENBERG. Mr. Speaker, I rise today to introduce a bill to address an injustice that exists within Title 11 of the United States Code regarding single asset bankruptcies.

The injustice within Title 11 stems from an 11th hour decision made during the 103rd Congress, which placed an arbitrary \$4 million ceiling on the single asset provisions of the bankruptcy reform bill. The effect has been to render investors helpless in foreclosures on single assets valued over \$4 million.

To rectify this problem, my bill eliminates the \$4 million ceiling, thereby allowing creditors the ability to recover their losses. Under

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

the current law, Chapter 11 of the Bankruptcy Code becomes a legal shield for the debtor. Upon the investor's filing to foreclose, the debtor preemptively files for Chapter 11 protection which postpones foreclosure indefinitely.

While in Chapter 11, the debtor continues to collect the rents on the commercial asset. However, the commercial property is typically left to deteriorate and the property taxes go unpaid. When the investor finally recovers the property through the delayed foreclosure, they owe an enormous amount in back taxes, they receive a commercial property left in deterioration which has a lower rent value and resale value, and meanwhile, the rent for all the months or years they were trying to retain the property went to an uncollectible debtor.

My bill does not leave the debtor without protection. First, the investor brings a foreclosure against a debtor only as a last resort. This usually comes after all other efforts to reconcile delinquent mortgage payments have failed. Second, the debtor has up to ninety days to reorganize under Chapter 11. It should be noted, however, that single asset reorganizations are typically a false hope since the owner of a single asset does not have other properties from which he can recapitalize his business.

Finally, Mr. Speaker, my bill helps all American families by making their investments more secure and more valuable. The hard-working American families who depend on their life insurance policies and who have paid for years into their pensions will save millions in reduced costs. My bill protects the "little guy" from being plagued with years of litigation while a few unscrupulous commercial property owners continue to collect the rent to line their own pockets.

#### TRIBUTE TO MARGARET WENTWORTH OWINGS

#### HON. SAM FARR

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, February 8, 1999*

Mr. FARR of California. Mr. Speaker, I rise to memorialize the passing of a friend, a poet, an artist, and a passionate environmentalist. Margaret Wentworth Owings passed away on January 20, 1999 at her cliffside home in Big Sur California high above her beloved Pacific Ocean.

Born in Berkeley, California in 1913, Margaret Wentworth graduated from Mills College and studied art at Harvard University. In 1953, she married architect Nathaniel Owings. By that time, she had pledged herself to the preservation of the natural endowments of Big Sur, a place she called "the most beautiful spot on the globe."

Margaret began her crusade for environmental protection over fifty years ago when she watched with binoculars as a rifleman killed a Stellar sea lion. She learned that hunters could earn a bounty for killing mountain lions and that sea otters were valued only for their pelts. Margaret co-founded the Friends of the Sea Otter in 1969 and the California Mountain Lion Preservation Foundation in 1987. Through determination, resourcefulness, and unstinting effort, Margaret brought us around to the undeniable conclusion that there

is more to gain from saving wildlife than from destroying it. The Big Sur coastline would be a very different place were it not for Margaret's guardianship. She successfully opposed the proposal to straighten the Pacific Coast Highway and widen it to a four freeway. Margaret led efforts to pass Proposition 117 to ban sport hunting of the mountain lions and the setting aside of funds to purchase state parklands.

The appreciation of environmental organizations was expressed by the many awards she received, such as the National Audubon Society Medal and being included in its listing as one of the 100 most influential environmentalists of the century. She was given the Gold Medal Award of the United Nations Environment Program. The United States Department of the Interior conferred the Conservation Service award upon her. And the Sierra Club, in recognition of Margaret's lifelong dedication to the cause of conservation, made her an honorary board member.

Margaret is survived by her daughter, Wendy Millard Benjamin; her stepson Nathaniel Owings; her stepdaughters Natalie Owings Prael, Emily Owings Kapozi, and Jennifer Owings Dewey; her brother, William Wentworth; nine grandchildren and four great-grandchildren.

Margaret's advocacy was accomplished with grace, poise, style and spirit. Her memoir "A Voice From the Sea: Reflections on Wildlife and Wilderness" evokes, through her articulate and persuasive voice, the spirituality she found in her wild surroundings.

There is no conceivable measure for the contributions Margaret made; she has left a permanent legacy. Margaret Owings was our hero. She led us by her example, she taught us through her wisdom, she graced us with her vision, and we learned to treasure all that she valued so deeply.

#### PAKA OUTREACH PROGRAM

#### HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

*Monday, February 8, 1999*

Mr. UNDERWOOD. Mr. Speaker, last year supertyphoon Paka struck the island of Guam causing nearly \$400 million in damages and leaving more than 4,000 families homeless. The speed of this particular recovery is unprecedented in the annals of Guam's typhoon-prone history. In situations such as this, however, the emotional needs of disaster victims and stress levels of workers tasked to restore normalcy are often overlooked as other necessities such as restoration of services, reconstruction of homes and businesses, and procurement of basic supplies receive much of the attention.

It is for this reason that the "Paka Outreach Program" was implemented. A Crisis Counseling Program established to bring attention and support for the emotional aspects of disaster recovery, the outreach program was authorized through a Memorandum of Understanding between the Child and Adolescent Services Division of the Department of Mental Health and Substance Abuse and the College of Agriculture and Life Sciences, Guam Cooperative Extension Program of the University of Guam. Deriving funds from a Regular Service Grant

from the Federal Center for Mental Health Services, the program provided counseling as well as resource and service information about improvement of stress coping responses among disaster victims.

Teams of crisis counselors provided outreach services to people and organizations within the Guam Community. This multi-lingual and culturally diverse group visited homes, shelters, schools and Senior Citizen Centers. Since the inception of "Paka outreach," team members have assisted over 2,000 individuals with services such as crisis counseling consultation education and support groups.

One year has passed since Supertyphoon Paka. Debris has been collected, services have been restored, damages have been repaired, and the island of Guam is green and beautiful once again. Conditions have, more or less, returned to normal. As were recognize the countless men and women who have made possible the island's speedy and successful recovery, I would like to take this opportunity to make special note of the contributions of the Paka Outreach Program. On behalf of the people of Guam, I commend the members of this outstanding team and submit their names in special recognition of their outstanding public service.\*\*\*HD\*\*\*PAKA OUTREACH

Department of Mental Health and Substance Abuse.—John W. Leon Guerrero, Director; Aurora Cabanero, Deputy Director; Mariles Benavente, State Coordinator.

University of Guam—Dr. Jeff D.T. Barcinas, Dean/Dir., Coll. of Agriculture & Life Sciences; Victor T. Artero, Associate Dean, Guam Cooperative Extension; J. Peter Roberto, Principal Investigator, Paka Outreach.

Paka Outreach Staff—Sr. Stella Manglona, Project Coordinator; Venancia Colet, Mental Health Consultant; Ronnie Babin, Team Leader; Jeanie Perez, Team Leader; Joseph H. Salas, Team Leader; Jose Caluag, Eloisa A. Chan, Filomena Doone, Jenette Muhat, Karmelin Pachkoski, Marie Pereda, Felisa Quitugua, Marchelle Sablan, Misko Shuru, Dirk Taitano, Remedios Taitague, Simona Cushing Vilorio.

#### A RESONSE TO THE PRESIDENT'S PRESENTATION OF THE DE- FENSE BUDGET TO CONGRESS

SPEECH OF

#### HON. RON PACKARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 2, 1999*

Mr. PACKARD. Mr. Speaker, I rise today in defense of the men and women who protect our freedom around the world. The military budget proposed by President Clinton is woefully inadequate and we must work together to ensure that Congress corrects its failures and shortcomings.

The increasing instability around the world threatens America's allies as well as American interests. Even as I speak, our sons and daughters who serve are targeted by Iraqi missiles and scores of terrorist forces abroad. Today, the Administration is contemplating further troop deployments in Kosovo.

America's military is now spread further around the world than at any time in our history. Yet the President still fails to provide our